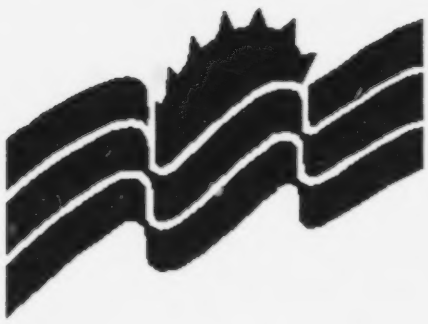

British Columbia Lottery Corporation

Service Plan

Fiscal 2002/03 – 2004/05

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MESSAGE FROM THE CEO

On behalf of the Board of Directors and employees of British Columbia Lottery Corporation (BCLC), I am pleased to present the Corporation's Fiscal 2002/03 – 2004/05 Service Plan.

After more than 25 years of providing high-quality gaming entertainment to British Columbians, the Corporation is facing new challenges and exciting opportunities. Our Service Plan is designed to meet these challenges in a rapidly evolving industry and increasingly competitive entertainment marketplace.

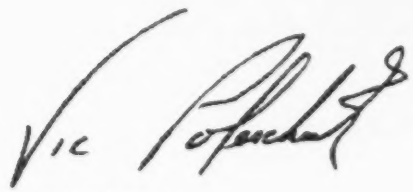
This Service Plan sets new benchmarks for high-quality gaming entertainment, economic development and social responsibility and renews our commitment to uphold the highest standards of fairness, honesty and integrity in our mandate to conduct and manage gaming in British Columbia.

BCLC employees are proud of the revenues generated for vital public services. In fiscal 2001/02 the Corporation will generate $600 million in net income which is distributed to Government for public service programs. The Corporation's Service Plan will position the organization to increase our contribution to Government for health, social, charitable, municipal and other programs over the next three-year period within the policy framework for gaming established by Government.

We are equally proud of our contribution in supporting communities throughout British Columbia and this plan sets out our objectives in working with municipalities, communities and charitable organizations.

The Corporation will also continue to play a strong leadership role in the stewardship of the gaming business in British Columbia to ensure that gaming is presented in a socially responsible manner. This includes ensuring that appropriate problem gambling awareness, education and research programs are in place and that appropriate treatment programs are available for the small percentage of the adult population who experience problems with gambling.

In accordance with the requirements and spirit of the *Budget Transparency and Accountability Amendment Act*, BCLC is pleased to present our Service Plan for the period April 1, 2002 to March 31, 2005.



Vic Poleschuk
President and CEO

CORPORATE OVERVIEW

BCLC is responsible to conduct, manage and operate lotteries, casinos and commercial bingo in British Columbia. With its headquarters in Kamloops, a marketing office in Richmond and a branch office in Victoria, the Corporation employs a full-time equivalent (FTE) of 640 people. This includes employees based in our three offices, as well as lottery territory sales managers, casino gaming control managers, slot technicians and bingo support staff supporting gaming operations throughout the province.

The Corporation is projecting sales of $1.6 billion and net income of $600 million in fiscal 2001/02.

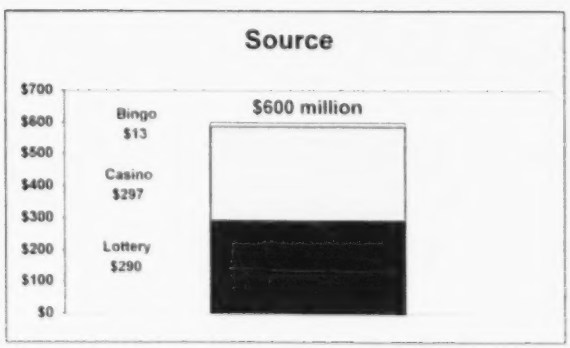
The Corporation contracts for the sale of its products through a private sector network of about 3,800 lottery retailers, 19 casinos, and 37 commercial bingo halls. The Corporation also markets linked bingo (SuperStar) through independent bingo halls. Lottery retailers receive an industry-standard commission rate to sell the Corporation's online and traditional lottery products. The Corporation has partnered with eight private sector casino service companies who provide, under contract, both casino facilities and day-to-day operational services, including casino staffing, for a service fee based on revenue generated. The Corporation has contractual agreements with about 80 commercial, independent and charitable bingo service providers who receive a service fee based on sales.

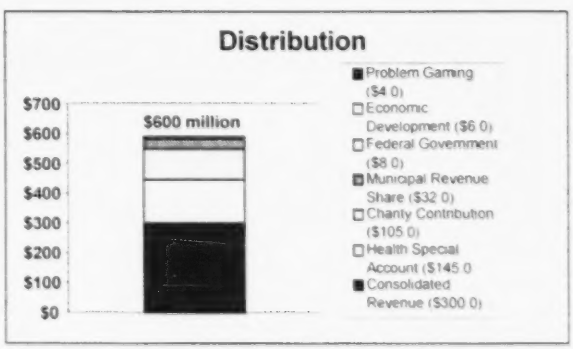
In fiscal 2001/02, BCLC will make significant economic contributions to British Columbia communities and the Government of British Columbia. These benefits include more than $560 million in prizes to British Columbians, $270 million in commissions and service fees to lottery, casino and bingo service business partners, $85 million in purchase of goods and services, and $600 million in net income reflected in the Government of British Columbia's summary financial accounts.

These funds are used to support a variety of public service programs including health, social, charitable, municipal and other Government programs as noted in Figure 1.

Gaming has also created significant direct and indirect employment opportunities in British Columbia. It is estimated that the gaming industry is responsible for the direct employment of more than 8,500 people and more than 5,000 indirect jobs.

Figure 1: Fiscal 2001/02 Sources of Gaming Income and Distribution





STRATEGIC CONTEXT

OUR MANDATE

Pursuant to amendments to the Criminal Code of Canada in 1969 and enabling legislation, British Columbia Lottery Corporation was incorporated on October 25, 1984 and is continued under the Lottery Corporation Act of British Columbia (1985). Prior to 1985, the Province of British Columbia was a partner in the Western Canada Lottery Foundation.

As an agent of the Crown, the Province has designated the Corporation as the authority to conduct and manage lottery schemes within British Columbia, including the marketing of nationwide and regional lottery games in association with other provinces of Canada. Under current provincial gaming policy, the Corporation's mandate includes responsibility to:

- Conduct, manage and operate lottery gaming
- Conduct, manage and operate casino gaming
- Conduct, manage and operate commercial bingo gaming

In September 2001, the Corporation's responsibilities were expanded to include the management of horse racing in British Columbia. The Corporation's specific role is yet to be determined.

BCLC is currently responsible to the Minister of Public Safety and Solicitor General, through a Board of Directors appointed by Government.

OUR VISION STATEMENT

TO BE A WORLD-CLASS GAMING CORPORATION

This vision entails the following:

- Provide world-class gaming products that are fun and entertaining and that meet or exceed customer expectations
- Provide exceptional service to customers, business partners and each other
- Be a responsible corporate citizen
- Exceed stakeholder expectations and deliver tangible benefits for British Columbians
- Be a flexible, innovative and learning-focused organization
- Be one of the best businesses in British Columbia, recognized by our practices and reputation

Strategic Context

OUR MISSION STATEMENT

> The mission of British Columbia Lottery Corporation is to provide high-quality gaming entertainment in a socially responsible manner for the benefit of all British Columbians.

OUR VALUES

Integrity	We are fair, honest and trustworthy in the games we offer and the way we conduct business
Social	We give careful consideration to the social values and impacts on the people and communities of British Columbia in all we do
Excellence	We strive for excellence in our work practices, products and relationships
Respect	Our workplace fosters openness, mutual respect and individual development

Planning Context and Key Strategic Issues

Macro Trends – Scanning Ahead

BCLC, like other major businesses, is experiencing significant changes in the environment and marketplace in which it operates. Rapidly evolving technology, increasing competition from both within and outside of British Columbia's borders, the Internet, changing demographics and changes in political and social attitudes are impacting how gaming is conducted and managed in British Columbia.

Perhaps most significantly, the responsibility to conduct and manage casino gaming in the province places the Corporation's business at the centre of one of British Columbia's most sensitive public policy issues.

The following environmental scan identifies the critical issues, opportunities and challenges ahead and guides strategic management of the Corporation to achieve the goals and objectives as identified in this Service Plan.

Corporate Mandate

On September 14, 2001, Government announced a change in the gaming regulatory and operational model for British Columbia. The five agencies responsible for gaming – Gaming Policy Secretariat, British Columbia Gaming Commission, B.C. Racing Commission, Gaming Audit and Investigation Office and BCLC were consolidated into two organizations – BCLC and Gaming Policy and Enforcement Branch (GPEB). Both organizations report to the Ministry of Public Safety and Solicitor General. GPEB is responsible for the development of policy, standards, regulation and enforcement for all gaming in British Columbia. BCLC is responsible to conduct, manage and operate lotteries, casinos, commercial bingo and horse racing in British Columbia. Commercial bingo and horse racing represent new responsibilities for the Corporation.

BCLC assumed responsibility for commercial bingo January 15, 2002. The Corporation's specific role for the management of horse racing is yet to be fully determined.

On January 16, 2002, Government announced its intentions for casino gaming in British Columbia, which will permit the relocation of a limited number of casinos to new full service facilities with slot machines in willing host municipalities. This decision balances Government's commitment to its New Era policy on expansion of gaming and legal considerations.

Core Services Review

In June 2001, Government identified the Core Services Review as one of the key initiatives in the new strategic vision for British Columbia. The Core Services Review is a comprehensive and rigorous examination of all provincial programs, activities and business units with the overall objective of ensuring government is efficient and effective. While the outcome of this comprehensive review on the Corporation is still under development, it is the organization's goal in fiscal 2002/03 to assume responsibility for commercial bingo and manage existing operations with a reduction in general operating costs.

This Service Plan may be amended based on further policy direction from Government and the outcome of the Core Services Review, which is expected to be completed in the Spring of 2002.

Products and Markets

The Corporation currently markets three major forms of gaming entertainment in British Columbia — lottery, casino and bingo. Lotteries have been part of the retail market in British Columbia for 28 years and are considered a mature product. Over the last five-year period, growth in lottery sales has roughly matched inflation.

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

While casinos have been part of the British Columbia marketplace for some time, only since the Government policy decision to introduce slot machines in 1997 have casinos become a significant generator of gaming revenue for the province. While there is still considerable growth opportunity for casino gaming in British Columbia, moderate growth is forecast and will be within the framework of Government's policy for casino gaming.

Bingo is probably the oldest form of gaming in British Columbia. In recent years, the bingo market in British Columbia and Canada has been declining, primarily due to changing demographics, technology and competition from other forms of gaming entertainment. With the Corporation assuming responsibility for commercial bingo on January 15, 2002, the organization believes there are opportunities for growth through the upgrading of facilities and the development of innovative new products.

Technology

Rapidly evolving communications and entertainment technologies mean new competition, additional costs and changing customer expectations. The Internet is dissolving historical commercial and geographic barriers, but technology is also bringing new efficiencies, new markets and new products.

The Corporation is acting to ensure that enabling technologies and skills are in place to support new revenue opportunities, innovation and operational effectiveness. New technologies and e-business operations will be active by 2003/04, together with new in-house capacity to adopt and modify new technologies to meet the Corporation's business requirements.

Competition

Increasing competition for the discretionary dollars of British Columbians will continue to affect the Corporation's business environment. With globalization, e-commerce, and the advent of "big-box" retailers, consumer attitudes and expectations are shifting rapidly.

Consumers are becoming more sophisticated and knowledgeable about their options in the marketplace when it comes to pricing, brand loyalty and fulfilment in all discretionary spending. High-quality and larger gaming facilities in other jurisdictions will continue to set the competitive standard for British Columbia casinos.

Competing lotteries, expanded gaming in neighbouring jurisdictions and Internet gaming present strong new challenges. It is estimated current Internet gaming revenues are in the range of $1 billion (U.S.) worldwide and will increase to more than $6 billion in the next three to four years.

While the Corporation is facing increasing competition, the organization is well positioned to compete through new products, new or upgraded gaming facilities and a strong knowledge, expertise and skill advantage in the British Columbia entertainment marketplace.

Demographics

The Corporation will continually adapt to meet the changing demands of British Columbia consumers, whether they are new to gaming or part of a growing group of aging players.

A new generation of players is demanding excitement, adventure and an element of reality in their entertainment. At the same time, a growing segment of British Columbians are seeking high-quality entertainment that combines social and community responsibility with a positive gaming experience.

Globalization and the expanding New Economy are shifting traditional patterns of wealth in British Columbia to create an entertainment marketplace offering many options, along with players who demand greater entertainment value for every discretionary dollar spent.

Demographics and cultural shifts are not only changing public expectations of the Corporation's products and services. The changing nature of the workforce is resulting in stiffer competition when it comes to recruiting and keeping talented employees with specialized skills.

Social Considerations

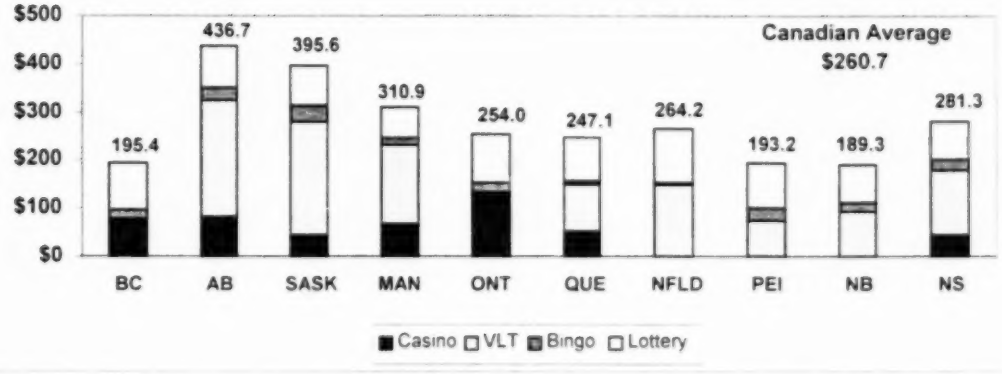
The Corporation and Government recognize that aspects of gaming policy are inherently controversial. Of the total adult population, it is estimated 96% do not have problems with gambling, and most that choose to participate, do so for social and recreational purposes. About 4% have varying degrees of gambling problems. In fiscal 2001/02, Government increased the annual funding for problem gambling programs to $4 million from $2 million. The Corporation recognizes the importance of ensuring that problem gambling issues are addressed through public awareness, education and treatment programs and will continue to play a strong leadership role in ensuring that an appropriate problem gambling risk management strategy and programs are in place.

Market Development – A Canadian Context

With the introduction of a new British Columbia gaming policy in 1997, the Corporation's sales have increased from $867.5 million to a projected $1.6 billion in fiscal 2001/02. The majority of the increase has resulted from the introduction of slot machines in community casinos and the opening of two new destination casinos.

While gaming in British Columbia has grown significantly over the last few years, relative to other provinces in Canada, the adult per capita levels of gaming are moderate. In 1992, on a per capita basis, British Columbia ranked fourth among the provinces. Only the Atlantic provinces that had introduced video-lottery terminals ranked ahead of British Columbia. Since this date, British Columbia's per capita gaming income has declined to eighth position among the provinces.

Figure 2: Per Capita Adult Gaming in Canada – March 31, 2000



Source: Canada West Foundation – August 2001

British Columbia's lower per capita gaming revenues reflect the more rapid expansion of gaming in other provinces, specifically gaming relating to the introduction of large-scale casinos and video-lottery terminals. Currently, British Columbia has less than one slot machine for every 1,000 adult residents. This compares to the Canadian average where there are about three slot machines or video-lottery terminals for every 1,000 adults. The Corporation's financial projections included in the Service Plan project moderate levels of gaming participation in the province consistent with Government's current gaming policy.

Goals, Objectives, Strategies and Performance Measures

In fiscal 2000/01, the Corporation developed a five-year strategic plan for the organization. This plan reflects expanded responsibilities and provides a longer-term vision for the development of lottery, casino and bingo gaming in British Columbia. The Corporation is continuing to develop and refine its strategic plan. Specifically, further work is required on developing the objectives, strategies and performance measures as they relate to the Corporation's business units.

The Corporation has six key goals that reflect our business plan and define critical elements moving towards our vision of being a "World-class Gaming Corporation."

1. To Provide High-Quality Gaming Entertainment

Focusing on products, services and distribution channels, the Corporation has set a target to produce 10 per cent of revenue through new products and improved availability of products by 2004/05.

The Corporation will establish new strategic alliances to facilitate the development and delivery of innovative lottery products and services, increase investment in new product research and development, and enhance distribution channels to provide higher levels of fun, entertainment and convenience to our customers.

The Corporation will also focus on enhancements to casino gaming to attract a broader player base, increase the entertainment value, compete more effectively with out-of-province casinos, and increase the economic and tourism benefits to communities. Development of competitive products, the establishment of new casino facilities through limited community casino relocations, and improved customer services will be a key focus over the next three years.

Bingo gaming will undergo a similar transformation as the Corporation and bingo industry develop and implement a joint strategic business plan, designed to build a strong and healthy industry in British Columbia. Our goal is an increased player base with higher levels of customer entertainment and satisfaction, and to build stronger relationships between the Corporation and bingo industry stakeholders.

Objectives

- Grow all business segments through the development of new innovative products and services.
- Broaden the overall customer base by increasing the entertainment value of products offered to the public.
- Develop a casino model that has long-term sustainability and maximizes the economic and tourism benefits for the province.
- Reposition bingo to attract a broader customer base and to increase the entertainment value of products offered.

Strategies

- Provide more interactive products to increase the level of entertainment.
- Develop and enhance distribution channels to make it more convenient for our customers to play and to provide a higher level of fun and entertainment.
- Upgrade and relocate existing gaming facilities to provide a greater entertainment experience.

Performance Measures	2001/02	2002/03	2003/04	2004/05
Revenue growth generated by new products	Baseline	1%	5%	10%
Customer satisfaction rating (lottery)	86%	90%	90%	95%
Relocate or open new casinos	Baseline	1 destination	2 relocations	2 relocations

2. To be a Socially Responsible, Trustworthy, Community-Orientated Organization with a Broadened Base of Public Support

The Corporation will continue its positive role in the lives of British Columbians and their communities with a target of continued involvement in and support for local and provincial community-service activities and programs.

We will continue fulfilling our responsibilities as a leading corporate citizen in British Columbia by building strong, mutually beneficial relationships with communities, charities and volunteer organizations.

The Corporation is also placing the highest priority on reducing the social harms of gaming over the course of this three-year plan. While the vast majority of our customers play responsibly, a small but significant number of individuals require assistance with gambling problems.

In 1996, the Corporation engaged an independent research firm to conduct a study on problem gambling. This survey found that the current proportion of pathological gamblers was 1.1% and potential problem gamblers was 2.8%, roughly equivalent to the benchmark estimates from a survey completed in 1993. In fiscal 2002/03, in conjunction with the Provincial Government, the Corporation will replicate the problem gambling survey to determine if there has been any change in the incidence of problem gambling in British Columbia.

In March 2001, funding from gaming revenues to the Ministry for Children and Families' Problem Gambling Program was increased to $4 million annually. The Corporation will continue to support funding to the Problem Gambling Program that is now administered under the Ministry of Health Services.

In addition, the Corporation will continue to develop its Responsible Gambling Program with the goal of providing greater public awareness and understanding of gaming and its social and economic impacts in British Columbia — both positive and negative.

Our goal is to play a key role in managing the risks and encouraging a downward trend in the social costs related to gaming in British Columbia through awareness and responsible play initiatives and as the result of continued joint efforts with the Government of British Columbia and problem gambling organizations.

Objectives

- Build a corporate image that reinforces the following attributes: social responsibility, community focus, collaborative relationships, integrity, fun and entertainment, and well managed.
- To be a strong community-minded good corporate citizen.
- Actively participate in improving education, awareness, and access to information and resources for problem gambling.
- Support the appropriate funding of problem gambling programs.

Strategies

- Create greater public awareness of the benefits and beneficiaries of gaming.
- Support communities through select community event sponsorships.
- Develop industry-leading risk management strategies and responsible gaming programs.
- Support Government in the development and maintenance of an effective problem gambling program.

Performance Measures	2001/02	2002/03	2003/04	2004/05
Public support rating	52%	55%	60%	65%
Maintain problem gambling funding	$4 million	$4 million	$4 million	$4 million

3. To be a Responsive, Customer-Focused Organization

The Corporation will continue to review the policies, processes and procedures that guide our relationships with business partners and customers, targeting the highest possible levels of consumer and business partner satisfaction.

Our goal is to make it easy and enjoyable for our customers and those who sell our products to do business with the Corporation. We will take steps to ensure our business partners have timely and accurate access to information and to provide greater involvement in our business and business decisions. We will also strengthen our ongoing relationships with business partners with a goal of increasing the value of being a BCLC business partner.

Objectives				
• Make it easy for customers to do business with us. • Make it easy for business partners to do business with us. • Foster loyalty among customers and business partners.				
Strategies				
• Develop products and services with the customers' needs in mind. • Review all existing policies and processes from our business partners' perspective and make changes where necessary. • Develop a closer relationship with individual customers and business partners.				
Performance Measures	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Customer satisfaction rating (lottery)	86%	90%	90%	90%
Business partner satisfaction ratings (lottery)	91%	90%	95%	95%
Establish baseline customer and business partner satisfaction ratings for casino and bingo operations	N/A	Establish baselines	5% > baseline	10% > baseline

4. To Maintain a Corporate Culture that Values Innovation and Excellence and is Committed to Employing the Best Possible People and Realizing their Potential

The Corporation is continuing to manage recent transition and change, with the objective of attaining the highest possible positive employee satisfaction ratings and creating opportunities for individual skill and career development.

Our goal is to create greater involvement by all employees, to implement the action plan developed through our employee surveys, and to provide all of our employees with enhanced training and development opportunities throughout their career with the Corporation.

We will attract, develop and retain the best possible people in a workplace that values and rewards leadership, innovation and excellence. Our target is measured progress toward a corporate culture of shared values in a positive climate that fosters innovation, is open to change, and remains committed to realizing the potential of every employee.

Objectives				
• Make measured progress towards our values and preferred culture by encouraging innovation and openness to change. • Attract, develop and retain the right people with the right skills.				
Strategies				
• Pay fair compensation and recognize employees for their value. • Provide all employees with development and training opportunities. • Improve communication with employees to ensure they have a good understanding of the Corporation's goals, objectives and strategies.				
Performance Measures	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Maintain or increase employee satisfaction rating	74.0%	75%	75%	>75%
Maintain or reduce employee turnover rate	4.4%	<5%	<5%	<5%
Maintain or reduce employee absenteeism	2.2%	<2.5%	<2.5%	<2.5%

5. To be an Efficient and Effective Business, Managing Our Resources Well and Delivering Tangible Results for British Columbians

As part of the Core Services Review, the Corporation is currently implementing business improvement initiatives designed to change or eliminate existing processes and procedures with the goal of improving the overall effectiveness of the organization and reducing costs. Our goal is to perform at or better than the best practices within our industry. The Corporation is currently examining best practices and determining performance benchmarks through evaluation of other gaming jurisdictions and similar industries.

As part of the Core Services Review, the Corporation is targeting to reduce operating expenses from a projected 5.8% of sales in fiscal 2001/02 to 5% of sales in fiscal 2002/03 and a further reduction to 4.7% of sales in fiscal 2003/04.

Objectives

- Ensure enabling technologies and technical skills are in place to support revenue opportunities, innovation and operational effectiveness.
- Perform strategic and core activities at or better than industry best practices.
- Maximize operational effectiveness by reengineering business processes or divesting non-core, non-strategic functions that can be done more effectively and efficiently elsewhere.

Strategies

- Invest in gaming and business technology to ensure sufficient capacity and capability when required.
- Implement a business improvement project to evaluate all business processes with the goal of improving existing processes and eliminating redundant or unnecessary processes.

Performance Measures	2001/02	2002/03	2003/04	2004/05
Reduce operating costs as a percentage of sales	5.8%	5.0%	4.7%	4.7%
Implement business improvement opportunities identified in Core Services Review	Identify opportunities and benchmarks	In progress	Complete	Continuous improvement
Online game system availability	99.9%	99.9%	99.9%	99.9%

GOALS, OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES

6. To Generate Gaming Revenue and Continue Our Contributions to the Economic Development of British Columbia Communities

Revenue Growth

Fulfilment of the strategies and goals set out in the Strategic Business Plan will enable the Corporation to reach fiscal 2004/05 revenue projections of almost $2 billion through growth of our existing business operations. Net income over this same planning period is targeted at $765 million.

Lottery

Initiatives and strategies to develop and enhance our lottery network are under way, together with research and development toward new lottery products and distribution channels. Our target for lottery sales is just over $1 billion in fiscal 2004/05 with net income of about $305 million.

Casino

Growth in casino revenues over the three-year planning window will be driven by the continued upgrading of facilities, products and services within Government's current gaming policy. Our goal is to make British Columbia casinos the first gaming choice for residents and tourists by competing more effectively with gaming entertainment offered in neighbouring United States regions, other provinces and the Internet.

Revenues (after prizes) are targeted to reach $755 million in fiscal 2004/05 with net income of about $435 million.

Bingo

Initiatives to enhance existing bingo facilities, products and marketing are projected to increase bingo sales to $215 million in fiscal 2004/05 with net income of more than $25 million. Our focus will be to increase bingo revenues to charities, build stronger stakeholder relationships, and to increase the player base by adopting electronic gaming technologies and strengthening the social and economic benefits of bingo gaming for communities and local service organizations.

Objectives				
• Improve operating results through the continued development and introduction of innovative new products and distribution channels that meet marketplace demand.				
Strategies				
• Continued upgrading of all gaming sectors to ensure products are competitive with neighbouring jurisdictions and meet marketplace demands. • Invest in research to ensure e-business opportunities are identified and evaluated.				
Performance Measures	**2001/02**	**2002/03**	**2003/04**	**2004/05**
Achieve revenue targets	$1.6 billion	$1.8 billion	$1.9 billion	$2.0 billion
Achieve income targets	$600 million	$660 million	$715 million	$765 million

SUMMARY FINANCIAL OUTLOOK

	Fiscal 2001/02 Forecast	Fiscal 2002/03 Budget	Fiscal 2003/04 Forecast	Fiscal 2004/05 Forecast
Revenue ($ in thousands)				
Lottery	$950,000	$980,000	$1,000,000	$1,020,000
Casino	538,000	615,000	690,000	755,000
Bingo	92,800	205,000	210,000	215,000
Total Revenues	**$1,580,800**	**$1,800,000**	**$1,900,000**	**$1,990,000**
Total Expenses	980,800	1,140,000	1,185,000	1,225,000
Net Income	**$600,000**	**$660,000**	**$715,000**	**$765,000**

Key Assumptions

Enhance lottery network

Limited relocated community casinos

No new destination casinos beyond those approved in principle by Government

The Corporation assumes responsibility for commercial bingo operations January 15, 2002

Forecast Risks and Sensitivities

Assumes gaming revenues are not adversely impacted by a significant and prolonged economic downturn in British Columbia

Assumes the introduction of smoking regulations will not have a significant and long-term impact on gaming revenues

STRATEGIC INITIATIVES

The Corporation's goals will be achieved through the following strategic initiatives:

Enhancement of existing business to $2 billion in revenues, focusing over the next 36 months on

- Upgrading and relocating a limited number of community casinos
- Developing and improving our lottery retail networks
- Continued development of the commercial bingo market

Preparing for future transformational growth in a changing marketplace

- Development of innovative entertainment products and distribution channels
- Development of a more competitive casino model to maximize long-term economic and tourism benefits to British Columbia

Building a stronger social contract with British Columbians and their communities

- Provide open and balanced information on gaming including communicating the benefits and beneficiaries of gaming
- Minimize the negative social impacts from gaming through a comprehensive socially responsible gaming strategy
- Be a strong community-minded good corporate citizen
- Develop strong community and stakeholder relationships

Strengthening our Government relationships

- Provide reliable and balanced information regarding the gaming industry and related issues
- Proactively participate in and support the development of sound responsible Government gaming policy
- Provide enhanced accountability to Government through improved reporting and communication

Focusing on operational excellence in our people, practices, systems, and competitive position

Major Capital Information

British Columbia Lottery Corporation has no plans for capital programs that exceed $50 million.

APPENDIX 1 - PERFORMANCE MEASURE DESCRIPTIONS

Revenue Growth Generated by New Products

This category measures the cumulative growth of sales, as a percentage of total sales, generated by new products introduced by the Corporation. New products include the introduction of games that are substantially different from existing product offerings. This measure reports on cumulative new sales growth beginning in fiscal 2002/03 through the three-year period to fiscal 2004/05.

Customer Satisfaction Rating (Lottery)

This category measures customer satisfaction with the level of service provided by retailers who sell lottery products. This information is obtained through an annual survey of lottery players completed by an external research agency.

Relocate or Open New Casinos

Current gaming policy allows for a limited relocation of existing community casinos and the development of destination casinos that have been approved in principle by government. The Corporation's business plan provides for the opening of one new destination casino in fiscal 2002/03, two community casino relocations in fiscal 2003/04 and a further two community casino relocations in fiscal 2004/05.

Public Support Rating

This category measures the percentage of people surveyed in B.C. who have a favourable impression of the British Columbia Lottery Corporation. In a monthly survey conducted by an external research agency, individuals are asked if they view the Corporation as very favourable, somewhat favourable, neither favourable or unfavourable, somewhat unfavourable or very unfavourable.

Maintain Problem Gambling Funding

This category measures the dollar value of funding provided from gaming revenue for problem gambling programs. By working in partnership with the Government of BC, social agencies and treatment providers, the Corporation plays a key role in addressing problem gambling issues through public awareness, education, research and treatment programs. In fiscal 2001/02, the Corporation supported Government's initiative to increase funding from $2 million to $4 million annually.

Business Partner Satisfaction Rating (Lottery)

This category measures retailer satisfaction with the level of service provided by the Corporation to lottery retailers. Services provided by the Corporation include sales support, technical assistance, tel-sell, marketing support, product delivery, training, and account inquiry services. This information is obtained through an annual survey completed by an external research agency.

Establish Baseline Customer and Business Partner Satisfaction Ratings for Casino and Bingo Operations

In fiscal 2002/03, the Corporation will establish baseline data that measure both customer and business partner satisfaction levels for casino and bingo gaming operations.

Maintain or Increase Employee Satisfaction Ratings

This category measures the overall employee satisfaction of employees of the British Columbia Lottery Corporation. The Corporation, with the assistance of an external consulting firm, conducted a survey of its more than 600 employees in April 2000. Employees were asked to rate their satisfaction on 20 attributes relating to employee satisfaction. The measure is a composite of all factors. The Corporation will continue to measure employee satisfaction with periodic informal surveys and a formalized survey at least once every three years.

APPENDIX 1 - PERFORMANCE MEASURE DESCRIPTIONS

Maintain or Reduce Employee Turnover Rate

This category measures the number of employees leaving the Corporation, excluding retirements, disability leave and terminations.

Maintain or Reduce Employee Absenteeism

This category measures the Corporation's rate of absenteeism. Absenteeism includes sick days and short term disability but does not include long-term disability, compassionate leave, general leave with pay or maternity leave.

Reduce Operating Costs as a Percentage of Sales

This category measures the ratio of operating costs as a percentage of sales. Operating costs include all costs excluding direct costs, amortization, other income and GST.

Implement Business Improvement Opportunities Identified in Core Services Review

As part of Government's Core Services Review, the Corporation has identified business improvement opportunities that, when implemented, will result in more effective and efficient operations. The Corporation plans on implementing these initiatives over the next two-year period. This category will track the Corporation's progress in implementing these business process improvement initiatives.

Online Game System Availability

This category measures the availability of the Corporation's online gaming system to the lottery retail network. The online game system supports online sales and prize validations for a network of approximately 3,800 retailers.

Achieve Revenue Targets

This category measures revenues generated from lottery, casino and bingo operations. Revenue from all games are recorded in the period the product is sold. Lottery and bingo revenues are recorded before prizes. Revenues from slot machines and table games are recorded net of prizes.

Achieve Income Targets

This category measures the Corporation's net income as reported in the consolidated financial statements. Net income is reported in accordance with generally accepted accounting principles.